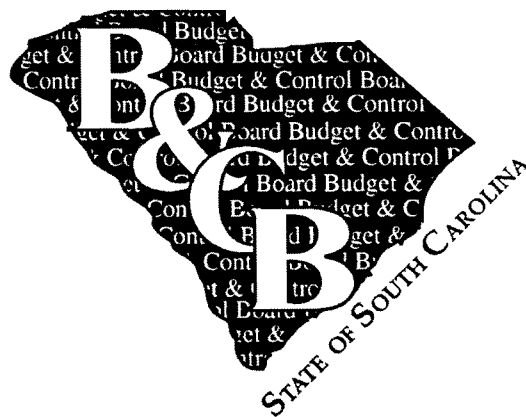


June 16, 2003

State Government News Summary



**Prepared by the Budget and Control Board
Office of the Executive Director**



State employees voice job concerns during meeting with Sanford

Associated Press

COLUMBIA--Some state employees say they are worried about lean budget times and a new proposal giving the governor's appointees the power to fire top employees at some state agencies.

State employees who haven't lost their jobs during three years of shrinking budgets say not getting raises for two years on top of an increase in health insurance premiums are making times tough.

"It's a pitiful situation," said Jacqueline Green, a Department of Health and Environmental Control worker. "Sometimes I think state employees are taken for granted."

Gov. Mark Sanford told the employees during a gathering Saturday at the South Carolina State Employees Association's annual meeting that he just came by to say "thank you" and listen to their concerns. Plenty of them took him up on the offer.

Several were unhappy with a temporary law change in the state budget that will allow Cabinet members, who are appointed by the governor, to hire and fire top job tiers at eight constitutional offices and Sanford's 13 Cabinet agencies.

For Cabinet agencies, Sanford would then have control over an agency director and two levels of workers beneath the director.

"You want to have clearly defined lines of authority," Sanford said. "And sometimes, we don't do that in South Carolina."

Larry Coleman, a child and adolescent counselor with the Mental Health Department, said he isn't convinced it will work.

"Just because you change bosses doesn't mean you should lose your job," Coleman said. "You're going to have a hard time attracting quality people when, in a few years, they know they could get kicked out."

Overall, most participants said they were impressed with Sanford and think things are likely to get better as the economy heals and more money comes to state agencies. They just hope the change doesn't take too long.

"I'm optimistic. Things will get better," said Delores Glymph, a Corrections Department worker.

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Health officials blame politics for tobacco tax loss

Posted Monday, June 16, 2003 - 2:18 am

By Liv Osby
HEALTH WRITER
losby@greenvillenews.com

A tobacco tax hike to help fund health care for the poor in budget-strapped South Carolina was crushed out by the end of the 2003 legislative session.

Disappointed hospital officials blame politics for the defeat of the measure, which was supported by seven of 10 residents according to polls, and they predict the Palmetto State will pay for the Legislature's inaction through higher health-care costs.

"We had a wonderful opportunity to solve this problem, but it got bogged down in politicking," said Dr. Bill Schmidt, medical director of the Greenville Hospital System's Children's Hospital.

"The cigarette tax was the most viable idea ... and it had widespread support," he said. "But we lost. We couldn't pull it off. And our state is going to be the poorer for it."

More than 820,000 South Carolinians, 478,000 of them children, participate in Medicaid, which has limped along through three years of budget woes.

A coalition of health-care providers, businesses, children's advocates, senior citizens and others has been pushing for a 53-cent per pack increase in the tobacco tax to provide stable funding for the program. The current 7-cent per pack tax, which hasn't been increased since 1977, is among the lowest in the nation.

But critics say the tax became a pawn in a power struggle in Columbia, with the introduction of rival bills and Gov. Mark Sanford supporting the tax only in exchange for a cut in the income tax.

"We had the train on the track, but with (Sanford's proposal) the train was wrecked," said Sen. Ralph Anderson, D-Greenville.

The first-term Republican governor won office, in part, on a pledge to reduce or eliminate the income tax over two decades.

In cobbling together the \$5.3 billion fiscal 2004 budget, legislators used a one-time federal gift to help fund the shortfall in Medicaid, Anderson said.

Anderson, who introduced a bill to increase what he calls "user fees" on tobacco and alcohol to generate \$200 million annually, characterized the events as a "complete breakdown."



Dr. Bill Schmidt

e-mail this
story

"We accomplished nothing," he said. "And it will be worse next year because we won't be getting that one-time funding."

By failing to increase the tobacco tax, Schmidt said, legislators chose politics over sick children and old people.

"I'm disappointed in all of them," he said. "They couldn't resolve their little differences and come together on this."

"It's just ridiculous," said Leighton Cubbage, chairman of the GHS board of trustees.

"Nobody wants higher taxes," he said. "But people who don't have the courage to stand up and say this is a spot that'd make sense should be ashamed of themselves. They're not being leaders. They're being political."

But Rep. Lewis R. Vaughn, an opponent of the 53-cent hike, said it would only have funded Medicaid for a year at its current rate of growth. More than 120,000 people have been added to Medicaid in the past three years, most working families and children, state officials say.

"Twenty percent of the people in this state are on Medicaid. We've got to reform Medicaid," said Vaughn, R-Greer. "We've got to stop the growth of it."

The Legislative Audit Committee reported Medicaid could save \$23 million through steps such as limiting eligibility.

Vaughn added a tax hike would slow tobacco sales here, forcing people across state lines and to the Internet to buy cigarettes, cutting state tax revenue.

Georgia, facing a similar budget crisis, recently approved increasing its tax from 12 cents to 37 cents a pack as of July 1, and while Alabama's tax is now 16.5 cents a pack, a proposal to increase it is being considered.

Besides North Carolina, which is debating an increase in its 5-cent tax, only Kentucky and Virginia — at 3 cents and 2.5 cents a pack respectively — tax cigarettes less than South Carolina.

While the nation's median tobacco tax will hit 59 cents next month, some states tax cigarettes at more than \$1 a pack, like Connecticut and Massachusetts at \$1.51 and New York and New Jersey at \$1.50, the Federation of Tax Administrators says.

According to Greenville Hospital CEO Frank Pinckney, state lawmakers "walked away" from their duty by failing to increase the tobacco tax.

"It is a state responsibility to fund Medicaid for the citizens of South Carolina," he said, "and all they have done is postpone ... this until next year."

Connie Ginsburg, executive director of Family Connections of South Carolina, a support network for families with children who have special needs, said the Legislature was "short-sighted" for failing to consider the economic impact of stable Medicaid funding on employees.

And Cubbage said higher tobacco taxes would ultimately save the state money by limiting smoking. The coalition reports tobacco use costs Medicaid \$307 million every year. And he added the state can't count on another bailout next year.

Schmidt said the Medicaid program actually saves money by routing people to primary care instead of more costly emergency rooms whose costs get passed on to consumers through higher fees and insurance premiums.

He said it's foolish to throw away the nearly \$3 the federal government gives the state for every \$1 it spends on Medicaid.

"It makes good medical sense, and fiscal sense too."

He says it's too early to sound the death knell for the tobacco tax increase because the state will face the same funding dilemma next year, and supporters will be back.

"Our message next year will be the same: stable funding for Medicaid so we don't have to go through this every year."



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Posted on Mon, Jun. 16, 2003

Cuts lead to armory closings

Loss of state funds also hurting renovations, maintenance of Guard facilities

By CHUCK CRUMBO
Staff Writer

A steady diet of state budget cuts has forced the S.C. National Guard to close six armories this year.

The loss in state money also is hampering Guard maintenance and renovations of the 75 armories it operates, officials said.

Any remedy might have to come from the Defense Department, which leans more and more on the National Guard and Reserve to meet the country's military needs, including homeland defense, those officials add.

The armories are used by Guard units for meetings, training drills and storage of equipment and weapons. The buildings also are sometimes rented for community events and wedding receptions.

Most of the closed armories are in rural communities, where their shutdowns can be a blow.

"Any town hates to see the armory close," said Democratic state Rep. Harry Ott, who represents Calhoun County, where the Guard closed its St. Matthews armory. "I'm afraid it's just the wave of future consolidations and not having armories in every community."

The closings started in 1997, when the Guard shut down facilities in Charleston, Chesterfield and the textile town of Pacolet Mills, said John Shuler, deputy adjutant general for operations with the S.C. National Guard.

Armories were closed in 2000 in Whitmire and York. Woodruff, another textile town, lost its armory in 2002.

This year, armories in Bishopville, Johnston, Ridgeland, St. George, St. Matthews and Winnsboro have been closed.

An armory in Beaufort also was closed to make more room for expansion of the veterans' cemetery, but another was built near the Marine Corps Air Station.

The state is turning over the armories to local governments, which are using the buildings for offices and community centers.

The town of St. Matthews, for example, may move some offices from town hall, Ott said. The county also can use the building for community events, such as the annual oyster roast for the fire department.

While he doesn't favor moving town hall offices into the armory, St. Matthews Mayor Julian Fair Jr. said the county needs a large hall for meetings, festivals and a place to vote.

"I'm receptive to the town receiving it," Fair said. "It's a nice facility, no doubt."

Fairfield County plans to convert its armory on Airport Road into a 911 center, county administrator Philip Hinley

said.

The building, complete with showers and a kitchen, also will serve as an emergency operations center in the event of a major storm or disaster, Hinley added.

"The county had been setting aside money to do an upgrade on its 911 facility," Hinley said. "This really couldn't have come at a better time for us."

THE MONEY CRUNCH

A cut in state money is magnified by the loss of federal matching dollars used to maintain and upgrade facilities, Shuler said.

"For every dollar we get in state revenue, it's matched by either two or three federal dollars," Shuler said.

Between 2001 and 2003, the Guard's share of state money dropped about 25 percent, or \$2.2 million, Shuler said.

When the loss of potential federal money is considered, the \$2.2 million cut in state money means a total reduction of up to \$8 million, Shuler said.

"The state money is the magnet for the federal dollars and programs," Shuler said.

Overall, the state's appropriation for the Guard dropped to \$6.9 million in 2003 from \$9.1 million in 2001.

The Guard's total budget for 2003, which includes money from the Army and Air Force, was more than \$180 million, compared to \$195 million in 2001, Shuler said.

Guard officials emphasized they weren't complaining about the state budget cuts. "We know we're in better shape than most state agencies," Shuler said.

For the next budget year, which starts July 1, the Guard's state budget was cut 5 percent. That compares to 10 percent to 15 percent cuts handed to other agencies.

Shuler said the Sept. 11, 2001, terrorist attacks also hurt the Guard's efforts to keep armories open. Shortly after the attacks, the Defense Department ordered the buildings not be open for public use.

The Guard was making about \$300,000 a year from renting the armories to civic organizations and private groups - enough to pay utility bills, Shuler said.

The Defense Department since has lifted the ban, and the Guard is aggressively marketing its facilities to potential customers, Shuler said. But business is slow. The Guard took in about \$150,000 in rent last year, he said.

RAINDROPS FALLING

The loss of money also means the Guard is deferring maintenance on its buildings, said Lt. Col. Chris Eaker, construction facilities manager.

Eaker estimated the Guard has deferred up to \$56 million worth of work on armories.

In addition, few of the armories meet current building, electrical and fire codes. Eaker said the kitchens in 60 armories can't be used because fire-suppression systems aren't installed in range hoods.

At those armories, guardsmen cook meals on outdoor grills, he said.

Bringing the armories up to code could cost as much as \$200 million, Eaker said. But the Guard isn't counting on money for such major overhauls, he added.

Putting off repairs also might turn into a morale issue and hurt the Guard in retaining soldiers, officials said.

Every time it rains, for example, workers in the North Charleston armory put waste baskets on their desks to combat a leaky roof. In Bennettsville, the roof of the armory is in such bad shape that you can see the sky through holes in the ceiling.

Another factor that could hurt recruiting is what happens when an armory closes. When that happens, the units assigned to the armory are transferred to another facility. That usually results in soldiers having longer commutes for meetings and drills, Eaker said.

Guard officials are looking to Washington for help. After all, they said, the Defense Department expects the Guard to play a greater role in meeting the nation's defense needs.

The days of guardsmen being so-called "weekend warriors" are long gone, Eaker said.

Guard units are expected to be fully equipped and trained when called up, Eaker said, noting about 2,500 S.C. Guard members currently are on active duty. Lack of adequate facilities hampers the troops' readiness.

U.S. Rep. Joe Wilson of Lexington County, a colonel and staff advocate judge in the Guard, said he's confident the issue can be resolved.

"We're looking for money that could be shifted in the defense appropriations," said Wilson, R-S.C.

Wilson added the problem is not South Carolina's alone. "Everybody has the same situation."

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Posted on Mon, Jun. 16, 2003

Social worker transforms lives

After a year helping middle school students, she may be out of a job

By NICOLE SWEENEY
Staff Writer

If you're a Richland 2 student who's ditching school, you may earn a house call from Donna Carroll.

The school social worker is on the frontlines of the battle against truancy. She does everything she can to keep kids in the classroom, even if it means going to students' houses and driving them to school herself.

For Carroll, working with middle school truants is a "dream job."

"I love working with children. I'm a strong advocate for them," she said.

Knowing that Carroll takes an interest in their lives often amazes the kids. They begin stopping by to see her and the attendance secretary to let them know they made it to school that day.

But after only a year of transforming would-be dropouts into successful students, Carroll's dream job could soon end. Her grant-funded position expires Sept. 30.

Richland 2 is hoping to add two more social workers next year through a partnership with the state Department of Health and Environmental Control. Whether Carroll will be rehired through that program is still unknown.

Truancy-only social workers such as Carroll are rare.

General social workers often face overwhelming caseloads, and their numbers vary widely by district: Richland 1 has 17 social workers for its 26,000 students, while the nearly 19,000-student Richland 2 had only one social worker before Carroll joined the staff. And some districts, such as the 18,000-student Lexington 1, don't have any.

Vickie McIntyre, attendance secretary for Richland 2's E.L. Wright Middle School, says the prospect of losing Carroll's position is "really scary."

"We're able to really manage truancy and see improvement because we have Ms. Carroll," McIntyre said. "If we lose that, I just don't know if we'll be as effective."

But even knowing that her job could disappear hasn't lessened Carroll's determination to save every student, and she continues to knock on the doors of at-risk kids even during the summer.

Her mission: To get to truants early, before they end up in family court and possibly committed to a Department of Juvenile Justice facility. There, they're exposed to teens who are incarcerated for much worse offenses.

"Once you send a child to DJJ, they end up coming out with worse problems than they went in with," Carroll said.

She's a firm believer that truancy is just a symptom of a larger problem, and she works to help students discover

the root issue and then work through it. Learning disabilities, bullying, school phobias, gang involvement and family dysfunction can all be to blame.

"Some children come to school with so much baggage it's a wonder they come to school at all," Carroll said.

The solution can sometimes be as simple as buying laundry detergent for a needy student who is too embarrassed to go to school in dirty clothes.

Still, students' stories can break her heart and bring her to tears.

"It's really hard, and you have a lot of sleepless nights because you want to do more," said Carroll, who worked for the state Health Department before joining Richland 2's staff.

"You can't help but cry sometimes."

During the school year, her workday starts at 7 a.m. Evening meetings with parents and an endless stack of paperwork can keep her working late into the night, cutting into the time the single mom has with her two sons.

She's constantly on the move, spending a day each week at Dent, E.L. Wright and Blythewood middle schools in Northeast Richland County, and going wherever she's needed most on Thursdays and Fridays.

She also makes home visits, represents Richland 2 at truancy mediations, goes with truants to Richland County family court and works with Ridge View High's Student Court, which also hears truancy cases.

Carroll, with her long blond hair and gentle blue eyes, is an earnest woman who radiates serenity. She earns students' trust by offering a sympathetic ear and sometimes just a hug. She asks about their parents and grades and applauds students' every achievement.

"We're real proud of you for making it to class today," she tells them with a smile.

But despite Carroll's efforts, some students remain defiant and still don't attend school.

"At first you kind of feel like you're a failure," she said, "but then you just realize you've done everything you can do. We cannot force them to go to school."

Parents also resist Carroll's offers of help, and she often has to fight the stigma of her job title.

When parents hear she's a social worker, some assume she's there to take their kids away and slam the door in her face.

But getting through to parents is key to solving a student's truancy problem, Carroll says.

"We need to have time to spend with the family to deal with these issues," she said. "If we just had more time, it would really make a big difference."

That's one reason Carroll thinks a social worker needs to be in every school.

Only then, she says, will schools have the time and resources to deal with truancy thoroughly "and not just put a Band-Aid on it."

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Truancy law costing state federal funds

Posted Monday, June 16, 2003 - 2:47 am

By THE ASSOCIATED PRESS

South Carolina school districts, cash-strapped by budget cuts and at risk of losing federal funds, are searching for ways to stop children from regularly skipping school.

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School districts lose state and federal money for every seat unfilled by a student.

"It's something we have to get a hold on because we're losing kids every day," said Sean Alford, attendance coordinator for the Lexington-Richland 5 school district.

In South Carolina, students who violate a judge's order to attend school are incarcerated. The law has cost the state federal grant money since 1999, and the state stands to lose about \$1 million more if it does not find another way to handle chronic truants.

The system also costs state taxpayers money — about \$136 a day for each truant student who is incarcerated.

"We're using state money, we're losing federal money, and we're locking up kids who are not criminals," said Beth Mackinem, a juvenile justice specialist with the Children's Law Office, based at the University of South Carolina. "The issue screams for alternatives."

The state also has never collected conclusive school-by-school data on truancy rates, which is now required by the No Child Left Behind Act, a federal education reform law.

What little data available provides a confusing picture. According to the state's school report cards, nearly 40 South Carolina schools report perfect average daily attendance rates.

Yet the state Department of Juvenile Justice processed 2,334 truancy cases in fiscal year 2001-02, and the true number of truants likely is higher because the agency is not involved in all truancy cases.

"It's an issue that most people aren't aware of," said Jay Smink, executive director of the Clemson University-based National Dropout Prevention Center. "They may look at it as a day absent from school, but a day, and then another day, and then another day, and you fall into a truancy pattern."

Department of Juvenile Justice officials said the Greenville County School District, the state's largest, had 302 of the truancy cases in fiscal 2001-02.

This year, the juvenile justice officials expect to have 300 students incarcerated just for

truancy, roughly one-quarter of all juveniles committed to its facilities.



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S.C. State plans furloughs but no tuition increase

Associated Press

ORANGEBURG--Trustees at South Carolina State University have decided to furlough employees for nine days next fiscal year instead of raising tuition.

South Carolina State used to be known for being one of the most affordable schools in the state, said Andrew Hugine Jr., who will become president in July.

But the most recent tuition hike gave the university the third-highest tuition in the state, said Hugine, who suggested giving employees nine days off without pay would be better.

Trustee John Corbitt, who cast the lone vote Saturday against the \$112 million budget, called the furlough "cruel and unusual punishment," particularly for lower-paid employees.

But "we cannot put all this burden on the students," trustee Charles Lewis said.

South Carolina State's move bucks a trend of rapidly increasing tuition across the state.

Clemson University, the College of Charleston, The Citadel and Winthrop University all have recently approved tuition increases of better than 10 percent, and the University of South Carolina is expected to follow soon.

But some South Carolina State students will have to pay one additional fee. Trustees passed a \$130-a-semester "housing bond covenant fee," that is the first step toward getting the university's financial house in order, board Chairman Maurice Washington said.

The trustees met two days after accountant Barry Laban detailed concerns about financial controls and practices at the university.

That led the board to approve spending \$800,000 to strengthen financial management and upgrade technology.

Writing the budget was tough. The university saw its share of state money decline by more than 17 percent last year. Right now, the school will get \$22.5 million from the state, \$4.6 million less than last year, Hugine said.

That meant the school had to cut costs, and Hugine said a furlough was the fairest way. University employees got unpaid leave last year, too, though a 15-day furlough was later shortened to 10 days.

That furlough caused significant hardship, mostly because it came close to the end of the fiscal year, Hugine said.

The president-to-be wants to first close South Carolina State for nearly five days in December to save money on utilities.

But Hugine said the rest of the furloughs aren't set in stone.

If enrollment is at least 100 students higher than the 3,750 students planned for and there are no midyear cuts in state funding or other budget problems, the rest of the furlough may be canceled, Hugine said.

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HILTON HEAD ISLAND - BLUFFTON S.C.

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Lawmakers measure success of term


BY KAREN ADDY AND CAROL WEIR, *The Island Packet*


Other stories by Karen Addy And Carol Weir

Published Monday, June 16th, 2003

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COLUMBIA -- Southern Beaufort County lawmakers say a difficult legislative term yielded only mixed results, but a number of initiatives, including some new taxes, will have another shot in the second half of the two-year session.

Most of the local lawmakers' major initiatives remained in committee when this year's session closed June 5. An exception was Rep. JoAnne Gilham's bill to lower the threshold for drunken driving from 0.10 to 0.08. In addition to safety concerns, at stake was \$63 million in federal highway money over the next four years.

State Sen. Scott Richardson, R-Hilton Head Island, and Rep. Bill Herbkersman, R-Bluffton, said the legislature's failure to pass a state cigarette tax increase to help pay for Medicaid was their greatest disappointment.

"We're going to pass that thing next year," Richardson said.

Throughout the session, Richardson blasted legislators for raiding the state's various reserve funds to pay for ongoing operations, and he sponsored a bill, still in the Senate Finance Committee, to protect the insurance reserve fund.

He also proposed spending \$15 million in lottery money to pay for additional teachers for school districts, such as Beaufort County, with large populations of students who don't speak English. But senators gave the nod to competing interests, such as research universities, black colleges and school buses.

Richardson sponsored two narrow measures that did pass. One provides for the election rather than the appointment of the Hilton Head No. 1 Public Service District Commission. A second bill exempts certain restaurants and bars from the state's minibottle laws for wine tastings.

Bills sponsored by Richardson that will come up again when the General Assembly reconvenes in January include:

- Allowing counties to reduce the property tax assessment rate on boats from 10 percent to 2 percent. This year, a separate bill allowing counties to reduce the assessment on aircraft from 10 percent to 4 percent passed. The proposal for boats is in the Senate Finance Committee.
- Increasing the gasoline tax from 16 cents to 21 cents per gallon to pay for road projects, also still in the Finance Committee.
- Eliminating the need for certificates of need for medical facilities and requiring the posting of bonds when such permits are appealed. The two separate bills remain in the Medical Affairs Committee, where the bills sparked lengthy discussions. "This is the kind of bill you just have to boil for a couple of years," Richardson said.
- Forming a committee to study the creation of a South Carolina-Georgia port commission. The measure passed the Senate and is now in the House Ways and Means Committee.

A bill that sparked a lot of controversy locally would remove state oversight of dredging projects in Sea Pines marinas and waterways. Richardson pulled his name as a sponsor after a public outcry against the bill.

The measure would set the stage for allowing spoil from Sea Pines dredging projects to be dumped into Calibogue Sound.

During the final subcommittee meeting on the dredging bill, Richardson said he would kill the bill if it came to the Senate floor.

"If I've got a huge amount of people who are uncomfortable with something, I'm not going to support it," he said last week. "This is not my baby."

But Richardson said he thought the bill did call attention to a problem. State regulatory agencies do not respond to appeals in a timely manner, he said, adding that the federal regulatory process is more "time sensitive." He said a review of state regulatory procedures to locate inefficiencies is warranted and would address this problem far more effectively than the proposed dredging bill.

GILHAM'S YEAR

Gilham's biggest success came in her push to lower the blood alcohol threshold for driving under the influence from 0.10 to 0.08. The bill, which Gilham first introduced last year, also applies to boating.

A five-year veteran of the state House, the Hilton Head Republican also was a member of a special task force to look at improving operations at the state Division of Motor Vehicles. Gov. Mark Sanford signed into law reforms that include making the agency a Cabinet-level department and improving customer service with such additions as Saturday hours.

Gilham said she was disappointed that a bill to allow a vote on a constitutional amendment to repeal the state's minibottle laws narrowly missed approval this year. She has co-sponsored the measure for the past five years.

"It will be first up in January," she predicted.

Other bills that carry over to the next session include:

- Giving probate judges authority to control their personnel and budgets. It remains in the House Judiciary Committee.
- Prohibiting municipalities and counties from adopting or enforcing more stringent standards for preventing backflow in irrigation systems than those set by the state. The bill is in the House Agriculture, Natural Resources and Environmental Affairs Committee.
- Erecting a monument on the Statehouse grounds memorializing aborted fetuses.

HERBKERSMAN'S YEAR

Herbkerman tackled some difficult subjects in his first year in office. He ran into a buzz saw of lobbyists from the real estate and home-building industries when he introduced a bill to allow municipalities in Beaufort County to levy a 0.25 percent real estate transfer fee. Right now, Hilton Head is the only entity in the state that collects such a fee, which it uses to buy land for open space or to prevent its development.

The bill died in the House Ways and Means Committee. Herbkerman says he will try again next year and has invited home-builder and real estate lobbyists to come to Bluffton in July to meet with Mayor Hank Johnston, Beaufort County Council Chairman Weston Newton, Gilham and local real estate professionals and home builders. The purpose of the meeting, he said, will be to explain how the real estate transfer fee would be used and to reassure the lobbyists that his bill isn't meant to have statewide impact.

Herbkerman's bill to require drivers to remove vehicles from the road after minor accidents still is in the House Judiciary Committee.

He went into the legislative session saying he wanted to address the protection of isolated freshwater wetlands. A U.S. Supreme Court ruling removed such wetlands from federal oversight.

Herbkerman said last week that he would propose organizing a task force made up of legislators, conservationists and developers to review the oversight of such wetlands, and possibly write legislation to help protect the areas.

As for the dredging bill, he said he and other local lawmakers would work over the summer to get state Rep. Robert Perry Jr., R-Aiken, to drop his version of the bill.

"What a sore subject," Herbkerman said. "The people overin South Beach have the right to have that dredged, but no one has the right to drop (dredge spoil into Calibogue Sound) and compromise our natural resources."



Posted on Mon, Jun. 16, 2003



Sunshine needed

A KEY COMPONENT of ensuring public health is providing public notice of possible risks. In some instances, this notice takes precedence over personal privacy or a business' interest in making a profit -- consider the sanitation grades posted at restaurants. That is information restaurant owners might prefer remain private. Making it public is the safe and right thing to do.

Recently, the S.C. Department of Health and Environmental Control has made a couple of decisions in conflict with such safeguards.

When two children in the Upstate were being monitored as possible cases of Severe Acute Respiratory Syndrome, DHEC refused to even broadly identify their location, citing federal health privacy laws. Providing a more specific geographic location, such as the county where the boys lived, would have been the better approach. It would not have subjected the individuals to unnecessary stigma, but would have provided reasonable notice to others.

More recently, a prairie dog came into South Carolina by way of the Illinois pet distributor cited as a source of monkeypox. DHEC refused to name the Upstate pet business that handled the prairie dog or say which county it is located in, again citing privacy concerns. DHEC's secrecy is troublesome and, given the right set of circumstances, potentially deadly.

We should not forget that the global spread of SARS was prompted, in part, by government officials who waited too long to sound a public alarm. Public health policy in the United States demands more openness and accountability than was exhibited in these cases.

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Jury set to decide Collins' liability in video poker suit

Posted Monday, June 16, 2003 - 2:18 am

By Tim Smith
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COLUMBIA — As the lights atop the Pot O' Gold machine flashed and the musical tones sounded, the crowd gathered around the video poker machine to watch how the \$10 bet turned out.

 e-mail this story

The two straights produced \$30 in winnings. But the scene was a federal courtroom last week. The player was a lawyer, and his audience a federal jury in a case that long ago helped kill video gambling in South Carolina and now stands poised to collect damages from its biggest operator.

Fred Collins Jr., a Greenville businessman who became rich from video poker and helped unseat a governor who threatened the \$3 billion industry, stands accused by former gamblers of violating state law.

A verdict against him could force him to pay not only the gamblers' losses but also lawyers' fees that could top \$1 million. It also could affect his gaming licenses in other states. The jury is expected to begin deliberating the case today.

The state outlawed video poker in July 2000, the result of a state Supreme Court decision and legislation influenced by a federal judge's ruling in the gamblers' case.

The lawsuit began six years ago as a class-action case, filed against 48 operators by former gamblers who said their addiction to gambling was fed by the flashing jackpots advertised on thousands of glitzy machines.

In April 1999, U.S. District Judge Joe Anderson ordered five of the state's top video poker operators sued by the gamblers to limit their payouts to \$125 per person per day, a limit Anderson said was already state law but had been largely unenforced.

His ruling was later overturned on appeal. But lawmakers used the ruling to craft a new compromise in the video poker war. The bill outlawed the machines in July 2000 unless voters gave the industry a reprieve in a referendum that year. When the State Supreme Court ruled out the referendum, the industry died.

"The case generated tremendous focus on video poker, but really video poker became a victim of its own success," said Columbia lawyer Dick Harpootlian, who helped defend operators in the suit's early years. "The flamboyancy of people like Fred Collins really began the demise of video poker. The high profile that Fred got put it in a position where it was very difficult to survive politically."

Sen. John Matthews, an Orangeburg County Democrat who has served in the state Senate since 1985, said the gamblers' case had an impact, but there was talk of lawsuits and putting the industry out of business long before the suit was filed.

"I think whether the suit was filed or not, the handwriting was on the wall," he said.

Denies wrongdoing

Eventually, all the operators settled with the gamblers but Collins and his company. Both have denied any wrongdoing.

Two weeks ago, teams of lawyers for both sides presented their version of how video gambling operated in South Carolina to a five-man, four-woman federal jury.

The plaintiffs, two men and three women, testified they saw repeated payouts of more than \$125 from Collins' machines, in at least one case paid by a Collins employee.

The machines dotted convenience stores, bars and other locations in the 1990s. Collins placed the devices into the stores, technically leasing space in each establishment, then sent an employee once each week to collect the money, which he generally split with the retailer after giving the store any money paid out in winnings.

\$125 tickets

Gamblers had a chance to win thousands of dollars on the machines' video screens, depending on their bets and the type of hands they drew. When they finished play and pushed a button, the machine spit out a series of tickets amounting to the win in increments of \$125.

If retailers followed the law, they paid only one of the \$125 tickets, which had to be signed by the player.

The players told of being drawn by the flashy and expensive jackpots, feeding huge amounts into the machines and living lives of desperation and ruin as their losses piled up.

"That whole industry destroyed people's lives," plaintiff Lonya Sowden told the jury.

Collectively, the five said they lost more than \$33,000 on Collins machines. But they also paid in other ways: the lost trust of families, broken marriages, problems at their jobs.

A former Collins employee testified he saw repeated payouts of more than \$125 and that he discussed with Collins' son a plan to circumvent the law, a charge Collins' son denied.

Collins' legal team gave a different version of video poker.

The players, they pointed out, each gambled before they ever walked up to a Collins machine and gambled at many locations other than those containing Collins' devices. Collins' lawyers also questioned the amount claimed for damages, because much of the losses came from the players' memories.

Collins officials testified they ran a squeaky-clean operation, going so far as to place stickers about the \$125 law on the machines, training store employees and making their own workers sign statements that they would abide by the law.

They scoffed at any notion of widespread violations, saying they received complaints from gamblers when they quit paying more than \$125 when the law changed in 1993.

And, they said, they didn't examine the players' slips, so they wouldn't have spotted violations. Former Collins chief financial officer Jerry Saad described a system that relied on meters on the machines to show how much money the machines made and how much gamblers won.

But that system posed questions for the plaintiffs' lawyers, who repeatedly wondered to Collins' witnesses how the company could account for the difference between the legal cap on winnings and a higher jackpot.

What would happen, they asked witness after witness, if a machine took in \$6,000 and registered a \$5,000 win? The officials one by one explained the stores could only pay \$125. But that meant a difference of \$4,875 was left uncounted as revenue. Collins officials said the money would be kept by the store.

Although such a situation would result in underreporting revenue to the state, the officials said they did not believe such situations happened frequently.

Collins said while his firm tried duplicate tickets in the machines for a while, the tickets could be forged. He testified Friday that one player was able to collect \$60,000 in a weekend from playing Collins' machines in Greer, using fraudulent tickets.

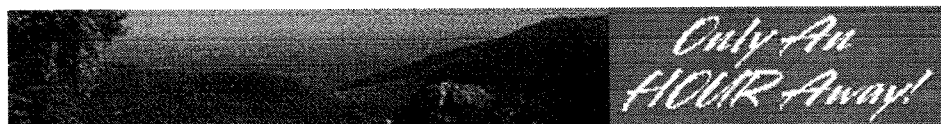
The two claims that could go to the jury are that Collins and his firm violated civil racketeering statutes, breaking state law multiple times and causing damages to the gamblers in the process, and that he and his company violated the Unfair Trade Practices Act by using deceptive or unfair practices to damage the gamblers.

The gamblers losses could be tripled because of the statutes being used.

Gene Huntington, who supervises gambling regulations for the Montana Department of Justice, said any operator's troubles with gambling laws could affect licenses in another state. Collins said he has more video gambling business in Montana now than any other state. Huntington said his state would look at any verdict, if it were in the plaintiffs' favor.

Harpootian said whatever the jury decides, it's appropriate that Collins is the final defendant.

"I think it's sort of fitting that Collins is the last man out," he said.



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